

Japanese Manufacturing Rebounds After Record Drop

Shino Yuasa, Associated Press

TOKYO (AP) — Japan's unemployment rate in April rose for the first time in six months, while the nation's industrial production rebounded weakly from a record drop following March's earthquake and tsunami.

But output was seen picking up strongly in May and June as automakers and other manufacturers get back on line.

The jobless rate edged up to 4.7 percent from 4.6 percent in March due to job losses in the retail and wholesale sectors, the Ministry of Internal Affairs and Communications said Tuesday. The number of workers in those sectors dropped in April by 390,000 from a year earlier.

"A lot of part-time workers in the wholesale and retail sectors lost their jobs due to weak demand following the March tsunami," said Hiroshi Watanabe, economist at the Daiwa Institute of Research.

The number of workers in the hotel and restaurant businesses in April also fell by 30,000 from a year earlier, underscoring a plunge in tourism demand following the March disasters and an ongoing crisis at a tsunami-crippled nuclear power plant.

Japan's industrial production — a key barometer of economic health — inched up 1.0 percent in April from the previous month after plunging a record 15.5 percent in March amid supply disruptions in the wake of the disasters, the government said.

The earthquake and tsunami killed more than 24,000 people and destroyed hundreds of factories in Japan's coastal northeast, forcing manufacturers such as Toyota Motor Corp. and Sony Corp. to suspend production.

The disasters sent Japan's economy into a recession, and Moody's Investors Service warned Tuesday that it could downgrade Japan's sovereign ratings due to faltering economic growth and the country's massive public debt.

The rating agency put both Japan's Aa2 foreign and local currency ratings on review for a possible downgrade.

While the April factory output fell short of a projected rise of 2.2 percent, the government said industrial production will pick up quickly in coming months, with a rise of 8.0 percent expected in May and another 7.7 percent in June.

"A slump in production after the March disasters hit the bottom in March and April, and a recovery in factory output, especially in the auto sector, is under way," said

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senior economist Hideki Matsumura at the Japan Research Institute.

The ministry said output in the transport machinery sector, which includes auto production, will surge 35.7 percent in May and 36.7 percent in June. Automakers have said domestic production is recovering fast thanks to supply chain improvements.

"Output at Japanese factories looked hopeless after the March earthquake. But supply conditions improved, and each company is making utmost efforts to recover from the disaster. A fast recovery underlined strength of Japanese manufactures," said Watanabe.

The health ministry said the ratio of job offers to job seekers in April fell to 0.61, meaning there were 61 jobs available for every 100 job seekers.

The government also said average spending by Japanese households in April declined 3.0 percent from a year earlier to 292,559 yen (\$3,620).

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